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From annual ritual to daily routine: continuous performance management and its consequences for employment security

Abstract

Management control in the workplace ultimately rests on the power to dismiss employees who are deemed to be underperforming. This article examines a more recent trend away from annual appraisal and towards continual monitoring and review. Based on a study of specialist proprietary **performance management** (PM) software packages and interviews with the consultants who market them, the contention is that these developments are driven by the need to control dismissal. In the case of the UK, we argue that the adoption of PM systems needs to be understood as a means of 'retiring' older workers who might otherwise remain in employment. The systems studied here draw on a range of data, allowing managers considerable discretion in how this evidence is used. Specifically, by dispensing with explicit ranking methods, these systems suggest a new employer confidence in the use of subjective evidence.

Introduction

“Performance management is what managers do: a natural process of management” (Armstrong, 2006: 502).

A casual reader of the management press might be forgiven for thinking that performance management had gone out of fashion. After a period around the early 2010s when companies had been actively encouraged to adopt formal procedures (Williams and Beck, 2015) a good deal of management writing has more recently been devoted to explaining why standard methods of performance management (PM) are unnecessary or even counter-productive (Crush, 2015; Capelli and Tavis, 2015). In the most widely known practical example, Accenture, a large consulting and outsourcing multinational, announced in 2015 that it was to abandon performance appraisals for its own employees. Accenture, which followed Deloitte, Microsoft and a number of other global brand names in renouncing the annual paper chase, described this as a ‘massive revolution’ (Cunningham, 2015). The development was newsworthy because a company that had been evangelical about performance and performance management “has now noticed what has been apparent to every office

worker and every manager in the western world for a couple of decades” (Kellaway, 2015): that performance management processes were bureaucratic, easily biased and ineffective. The ending of appraisals meant that employees were to be ‘freed’ from this unnecessary ritual.

The reality is rather less revolutionary but equally significant for employees. Many employers may indeed have abandoned set-piece annual appraisals, but have replaced them with a continuous, or ‘on-going’ review process. The detail may vary, but the intention is to establish appraisal and feedback as permanent and routine elements of management practice. This level of scrutiny might otherwise be prohibitively labour-intensive, but is made possible by software that prompts review, comparison and action. In effect, under continuous PM the appraisal meeting may be adjourned, but never closed.

This paper explores these developments and their consequences for job security and dismissal. Since a prime focus of the HRM literature has been on the accuracy and appropriateness of performance measures (Beer *et al.*, 1978; Iqbal *et al.*, 2014; Bernandin *et al.*, 2016), continuous PM has an appeal, since it appears to offer a more representative and therefore fairer basis for appraisal. Evans and Tourish (2016), for example, welcome Accenture’s decision as heralding a more sane approach.

This puts into perspective claims made for performance management (PM) systems, which go far beyond individual productivity. In fact, the various purported effects on motivation and ‘engagement’ (Cappelli and Conyon, 2017; Buckingham and Goodall, 2015), employee ‘alignment’ with business strategy (Boswell, 2006) and ultimately on the performance of the organisation (Aguinis *et al.*, 2011) are arguably more than can logically be expected of a single HR instrument. More fundamentally, the ‘developmental’ component of appraisal fits uneasily within broader PM systems, which are frequently more punitive in nature. The ability to claim several different and possibly contradictory effects is maintained because PM is continually re-invented as attention shifts, for example, between input and output measures (van Dooren *et al.*, 2015). This is a moving target, making challenge, or even evaluation, problematic. The retrospective application of the label ‘performance management’ to a century of management practice also adds to this complication (e.g. Armstrong and Baron, 2005; Radnor and Barnes, 2007).

For proponents, recent innovation has led to more effective and more 'strategic' approaches (de Waal, 2013; Radnor and Barnes, 2007). Critical accounts, on the other hand, have tended to see continuity with earlier mechanisms designed to control work effort. In this view, although mechanisms may have become more sophisticated, they serve much the same purpose as straightforward Taylorism (Carter *et al.*, 2011). As Taylor (2013) points out, the debate has been complicated by the fact that individual performance management is commonly associated, in the academic HRM literature at least, with the notion of 'high performance work practices', a rather imprecisely specified route to productivity based on skills development, employee 'engagement' and discretionary effort (see Posthuma *et al.*, 2013). Equally, though, a focus on work intensification and the impact of performance management on work and workers risks treating the purpose of such systems as a given.

This paper addresses the following questions: how should we explain the move to continual performance management, what purpose does it serve and what are its likely impacts on workers and on employment relations? This development needs to be understood in context, in this case the changing context of employment protection and deregulation. However, this is an international phenomenon and it is multinational companies that have set the trend, suggesting that the causes go beyond specific employer responses to local challenges. We argue that the focus on individual performance now needs to be seen as a means to a broader aim, which was previously only implicit. The power to dismiss is a prerequisite of the power to manage and we suggest that this is now more explicitly a function of performance management. After discussing the function of PM and its role in controlling dismissal, we present examples of proprietary software packages, as seen through the eyes of the consultants who market them.

Performance management: a solution in search of a problem?

There are two widely held, though out-dated views of PM. First, PM is an integral and inevitable part of day-to-day management. After all, management is about getting other people to do things appropriately and on time and, in this sense, PM is nothing new. Various tools exist, some fairer or more effective than others, but to be 'against' performance management, in this view, is to be against efficiency itself (however that

may be defined). The other meaning of PM is as a targeted intervention designed to remedy a problem. An individual deemed to be underperforming is ‘put into’ performance management, much as ‘failing’ schools or hospitals are put into ‘special measures’. In this sense also PM is as old as management itself. Both of these uses – PM as a normal everyday activity and PM as a specific remedy – lend themselves to a focus on continuity with previous approaches. As such, both have obscured the extent to which the *aim*, rather than just the methods, may have changed.

Disciplinary sanctions, including dismissal, may either be a last resort to be used when other options have failed, or alternatively a crude means of maintaining average productivity by a ‘progressive winnowing of talent’ (Quinn *et al.*, 1996). Regimes of PM that rely heavily on such sanctions are typically associated with particular ‘hard’ HRM regimes (Arrowsmith and Parker, 2013; Ball, 2010), whereas more sophisticated and ‘holistic’ approaches arguably place greater emphasis on employee development. Attempts to distinguish between ‘good’ developmental and ‘bad’ punitive forms of PM tend to obscure the fact that these have always been two sides of the same practice. Thus an early guide for managers, which draws heavily on McGregor’s (1957) ideas, explains why incentives and encouragement are not sufficient:

The possibility always exists, of course, that the man can overcome his [sic] unsatisfactory performance... But let us assume that [he] happens to be among what most companies call the bottom three percent who simply cannot, or will not, be satisfactory performers? (Steinmetz, 1969: 130)

The question of whether PM is inherently oppressive or whether it is, at least in principle, capable of benefitting employees, misses the point that all varieties of PM exist in order to differentiate. The effects of PM, on performance and on employees themselves, thus depend on which employees we focus upon. Differentiation may be achieved by direct and explicit comparison and managers may be directed to categorise workers in particular ways, for example using ‘forced distribution’ systems (Taylor and Scholarios, 2014). However, the putative trend away from such rigid approaches reflects a recognition that it is unnecessary. As this article will go on to argue, it is unnecessary for two reasons. First, the new wave of continuous PM relies on comprehensive and consistent performance data, rather than often unconvincing

attempts at objectivity and quantification. Second, insofar as PM has as its main aim the improvement of performance (see below), the logic of incentives applies to one section of the workforce only, and therefore only broad categorisations are required.

“The ‘good worker’ is one who maintains a consistently high standard of effort independently of earnings. The ‘bad’ worker is one who has a low standard of effort whatever the incentive. In between there is the ‘average’ worker, whose standard of effort is believed to be dependent on the strength of the monetary incentive.” (Behrend, 1957: 507)

The debate for the past sixty years has thus focused on PM as a mechanism for promoting individual and group performance. The internal logic of this debate has become sophisticated, but its assumptions are fundamentally consistent. McGregor (1957: 89) suggested that performance management (or appraisal) was intended to meet three needs: the need for rigorous assessment prior to sanction or reward; the need to reinforce or discourage certain behaviours (to “let him [sic] know ‘where he stands’ with the boss”); and the need to establish the potential for individual development. Expressed differently, PM supposedly provides an incentive to higher performance, a support for those who have the potential to perform adequately and a mechanism for shedding workers who are either incapable or unwilling to do so.

The practices that are associated with performance management – target setting, monitoring, appraisal and the application of rewards and sanctions – are of course about much more than this. The general organisation or administration of the work effort apart, they may, for example, be intended to maximise individual work input, rather than ensure defined outputs. This is particularly the case because regimes based on specific targets and benchmarks tend to degenerate over time as effective controls as employees develop more ‘efficient’ ways of working to target by excluding other considerations. Employers not only wish to see the job done, but to see it done at the expense of some effort: to work ‘smarter’ *and* harder. On the other hand, this focus on performance may itself be little more than a performance: a ritual performed by manager and employee, neither of whom expect it to be linked to any concrete outcomes, far less to organisational success.

We argue that, while there continue to be a range of employer rationales, a new phase of monitoring and measurement is driven primarily by the need to control dismissal,

in other words to manage employee ‘exit’ from the organisation. For example, in the situation of older workers in the UK who are being encouraged, but also forced, to continue working by the abolishment of the Default Retirement Age (DRA) and the extension of the State Pension Age (SPA) respectively, employers resort to PM in attempts to regain control over the timing of retirement (Beck and Williams, 2015).

We review some of the political and practical reasons why managing exit has been seen increasingly as a priority and go on to consider how technical innovation has provided a more systematic basis for management decisions. The advent of continuous PM represents a further increase in management control, not only making it possible for sanctions to be triggered at any point, but also giving employers a new confidence in the apparent robustness of subjective review evidence. Insofar as this is designed to improve organisational performance, the mechanism would seem to be one of ‘triage’, motivating one group whilst removing those who are unresponsive to incentives.

The aspects of performance management discussed below, including individual appraisal with respect to corporate targets, review by peers, and the automatic linkage of performance to reward or sanction, are all facilitated by information technology that has been available for some time. Automatic call distribution systems, which became available from the early 1990s, provided data that allowed call centres to become early innovators and encouraged a “supervisory obsession” with performance (Ellis and Taylor, 2006:118). The continuous PM that became espoused as ‘best practice’ twenty years later is in many respects a more sophisticated version of the same model. Early call centre monitoring focussed on a relatively narrow range of measures, including call duration and ‘down time’, allowing managers to compare individual performance against ‘key performance indicators’ (Taylor and Bain, 1999). More recent systems may call on data from a far wider range of sources, including GPS and voice recognition technologies, customer and peer review, prompting the belief that even quality can be quantified (e.g. Moore and Hayes, 2017). Expressed in this way, developments in PM appear linear and incremental, since they are driven by a single aim; the intensification of surveillance allows the employer to intensify work (Carter *et al.*, 2011; Howcroft and Taylor, 2014). The following section explores this premise and suggests an alternative explanation for the new prominence of PM.

Performance management and the control of dismissal

The measures necessary to encourage employees to work harder or better are commonly discussed as if they are independent of any influence external to the organisation. In some cases the management logic is presented as universal (Aguinis *et al.*, 2011), or as adaptable to broad organisational types (Soltani *et al.*, 2005). Moreover, the motivational components of appraisal - the ‘carrots’ - are typically discussed as if unrelated to the disciplinary ‘sticks’. A simple count of publications serves to illustrate this tendency. Of the 2,727 ‘business and management’ journal articles published between 2010 and September 2017 that include the term “performance appraisal” (as listed on the *Scopus* abstracts database), only 34 also mention “dismissal”. Even allowing for the narrow focus of the HRM literature, this avoidance of such a key element of PM is curious. In fact, the employer’s prerogative power over dismissal underpins management control in the workplace and, therefore, the ability to influence productivity (Emmenegger, 2014). This goes equally for the ability to inculcate particular employee ‘behaviours’ as much as for the ability to control the pace or the hours of work. However necessary incentives may be, they are unlikely to be sufficient in all circumstances or for all employees.

Mirroring this management logic, trade unions’ focus on dismissal has also historically reflected far more than a concern for the individual worker. For example, Goodrich (1920: 104) quotes a steward: “The control I want is over the employer’s right to sack a man”; collective power is almost unthinkable without the ability to enforce some degree of job security. This may have appeared self-evident in an era before legal regulation of the employment relationship, but the idea becomes notably less prominent in more recent industrial relations literature. Emmenegger (2014) argues that, perhaps counter-intuitively, the late adoption of job security regulations in the UK, as compared with many other western European countries, reflected relative union strength, rather than weakness, in the first half of the twentieth century. And regulation, when it came, needs to be seen as the substitution of individual rights for collectively bargained ones: it was “meant to remove a controversial issue from collective negotiations” (*ibid*, 2014: 192). For example, the effect of the 1965 Redundancy Payments Act, “...rather than restricting management, has been to take redundancy out of both conflict and the area of collective action and control by workers” (Fryer, 1973: 7).

Management practice has responded in a direct and predictable way to legislative change and, perhaps less directly, to changing labour market conditions. In the UK recent management attention to performance can be understood as a response to the ostensibly stronger position of older workers and the need to retain control of ‘retirement’. The ending of the default retirement age in 2011 was met with concern from employers, who argued that it would make it difficult and costly to remove older workers whose performance is deteriorating (BIS, 2011). Government advice, and that of agencies and practitioner groups, was that dismissal would not be construed as discriminatory, provided it was the result of a rigorous and consistent PM procedures (Beck and Williams, 2015). Employers were actively encouraged to implement such schemes as a means of ‘equality-proofing’ dismissal decisions.

The ending of the default retirement age coincided with a broader attempt to weaken job security. In a leaked report to government, the venture capitalist Adrian Beecroft argued that “A proportion of employees, secure in the knowledge that their employer will be reluctant to dismiss them, work at a level well below their true capacity; they coast along” (Hope and Winnett, 2011). His report recommended a new category of ‘compensated no-fault dismissal’, which would effectively rule out unfair dismissal claims where employers have demonstrable grounds for deeming an employee to be underperforming. Dismissal would still be unfair when it discriminates on the basis of designated protected characteristics, but “...if it is easier to prove that dismissal was for underperformance it is harder to say that it was for discriminatory reasons” (Beecroft, 2011: 4). Effectively, this was a proposal to introduce the concept of ‘employment at will’ to UK law. The intended result of Beecroft’s proposals was that:

“...the onus would then be squarely on the employee to *perform well enough for the employer to value them as an employee*. It would no longer be possible to coast along” (Beecroft, 2011: 5, emphasis added)

Whereas this proposal was repudiated by the then Coalition Government, the contention of this article is that Beecroft’s intended objectives have largely been achieved by other means. Not only has PM been given a new legitimacy, but it also serves a new purpose. The management of performance, in its more general sense, may once have simply been ‘what managers do’, but the monitoring of individual performance now serves explicitly as a mechanism for removing underperformers.

The take-up of PM, and its re-design as integrated systems, must also be seen in the context of a wider trend towards HR formalisation. Saundry and Dix (2014: 5) note, for example, that “a general preference among managers for pragmatic approaches to conflict resolution has increasingly been replaced with a rigid adherence to process and procedure”.

Whilst the specific concern in 2011 was the deteriorating abilities of older workers, the regimes now being put in place apply a notionally age-blind approach, reflecting UK employers’ cautious interpretation of legislation on age discrimination (ter Haar and Rönmar, 2014). A mechanism put in place as a response to a changing retirement regime necessarily applies to the whole workforce. The result of this is that, while practitioners’ guides continue to speak of dismissal as the final, regrettable step in a process that prioritises development and engagement, employers are in fact encouraged to see the ability to dismiss as the keystone of management. Formalisation predisposes managers to certain outcomes, for example making sanctions more likely than “a good talking to” (Antcliff and Saundry, 2009). The systems under investigation here aim to prompt managers to make these ‘hard’ decisions.

From 2011, maintaining control of the timing of (what is still referred to as) ‘retirement’ became a priority for UK employers. Government advice, and that of professional associations, was that efficient performance management systems were required in order to ensure that employees who were no longer capable of making an adequate contribution could be removed without risk of appeal. It was clear that it was primarily smaller employers who would need to do this – organisations which often balked at the cost and added work implications of the task. This presented a new market to the many consultants in the field, a number of whom now offer performance management systems that are claimed to ensure consistency and rigor, while at the same time making the task of administering PM less onerous. These companies are the focus of our study.

Research on the role of consultants, notably through the lens of ‘critical management studies’, has focused on their role in the propagation and diffusion of management ideas and practices. One strand of this research has made the case that strictly rational reasons for the adoption of ideas are often secondary to unacknowledged ‘symbolic’ ones (Sturdy, 2004). This being the case, the features that allow a particular idea to

spread may often have little to do with its intrinsic value. This has led to the characterization of management ideas as fads or fashions whose appeal lies in the way they signal innovativeness or professionalism (Abrahamson, 1991). The role of the consultant in this process is conceptualised variously as supplier or as intermediary in the spread of fashion. In the case of performance management, the large number of consultancies in the market constitutes what may be termed a competitive symbiosis, where firms differentiate their products, yet combine to make the more generic case for innovation in management systems. Thus, the normative influence of the more powerful consultancies also legitimates the case made by their smaller competitors (Mahoney and Sturdy, 2016; Scarbrough, 2003).

The research

The aim of this paper is to understand the new wave of PM systems. We are interested in how approaches have developed and the extent to which they meet the requirement identified by employers following the end of the DRA, i.e. to establish control of dismissal in the absence of a preset retirement age and without demonstrable discriminatory consequences. Our focus is the consulting companies, some of them created since 2011, which have responded to the demand for such systems and also exercised considerable influence over the debate in the practitioner press. These companies are of particular interest since their market has increased in recent years with newly-formed specialist companies able to respond to demand created by their larger and more influential competitors. This is, to a large extent, because small and medium sized organisations, where PM may previously have been regarded as unnecessary, are now encouraged to adopt systems and practices in line with larger organisations with larger HR budgets. Off-the-peg online ‘solutions’ appear to be a cost-effective option.

There are a large number of HR consultants, many of which offer services or products associated with PM. We consider consultants offering online performance management ‘platforms’. Seven of these were identified (from providers listed on the CIPD website) and for each one we conducted a search of corporate websites and

other material publicly available online. This search was guided by two questions. First, to what extent does the example represent a change from established practice? Second, to what extent does this development affect the employer's prerogative to terminate employment?

We then contacted three of these companies and interviewed consultants. Our aim was to understand the phenomenon of continuous PM and the research was designed to explore the rationale and the impact of the new systems, rather than to compare the available versions. Interviewees ranged from a newly recruited consultant in one company to the chief executive of another. In this phase of the study, six consultants were interviewed, two from each company. In each case, as well as interviews (approximately one hour each) we were able to take part in tutorials designed for potential clients. This was followed with telephone interviews and email correspondence over the following four weeks, when consultants were prompted to elaborate on the process of managing underperformance. Data collection and analysis were carried out in parallel and ideas were elaborated progressively. Our opening question – How should we explain the move to continuous performance management? – provided a starting point for this analysis. Although companies were enthusiastic to discuss their products, they were rather more reticent about the practical impact. So, for example, a degree of reluctance to discuss the disciplinary consequences of PM, and specifically dismissal, suggested a line of enquiry which was then followed up in repeat interviews and email correspondence. Third, and parallel with this, we interviewed lay trade union officials in three organisations which operate our selected consultants' systems. These organisations were identified via the contractor (interview or website) and relevant branch secretaries were interviewed by telephone. In none of these cases was the union aware of the PM system in operation and it is therefore not possible to make a definitive link between this interview data and the specific consultants' involvement. The data is nevertheless illustrative of the manner in which PM regimes have developed following these innovations. With the exception of one very large multinational, the contractors dealt with below have relatively few clients (and one, for example, has only one public sector contract to date). Because individuals would otherwise be readily identifiable, all organisations are fully anonymised.

Assess everything, always

The monitoring and recording of performance, which became central to responses to the new retirement regulations from 2011 (Williams and Beck, 2015), stimulated the market for work performance specialists. The more recent trend, highlighted above, has been to reject formulaic appraisal driven by the calendar, in favour of continuous monitoring and review. This development has created further market demand, particularly since continual monitoring is seen to require appropriate technology. The companies that responded to this demand included very large multinationals that had been at the forefront of human resources outsourcing in the previous decade, but also smaller ‘start-ups’ offering more niche ‘solutions’. As we will suggest below, the systems on offer are not technically revolutionary, but they are effective.

Whereas appraisal, at least in larger organisations, has usually involved formal annual meetings between employee and line manager, online systems make this an ongoing process, making it possible to adjust the ‘granularity’ of measurement. Management intervention is triggered by individual outcomes, rather than by the calendar. Reviews are “typically every one to three months” (Consultant 2), but the interval can be adjusted depending upon the nature of the work and the track record of the individual employee. The targeting of particular individuals or groups (e.g. older workers) might not be discriminatory provided that this resulted from existing concerns about declining performance. Continuous PM involves continuous management involvement, but consultants’ stress the fact that this is now a ‘lighter touch’ process and that the overall cycle is less time-consuming. To reflect this, appraisal meetings are re-styled ‘one-to-ones’ or ‘check-ins’. The distinction is not immediately obvious, although consultants stress that the technology changes the nature of the exchange: “It should be about performance and development, but in 37% of cases, traditional performance appraisals make things worse” (Consultant 2). The intention is that managers are prompted to review and discuss objectives and that any opportunity to “duck the issue” (Acas, 2014: 29) of poor performance is removed: “if it’s been noted that there’s a performance issue, that would be picked up swiftly and worked with” (Consultant 1). The platforms highlighted here integrate HR processes, so that the ‘light touch’ conversation about progress, typically occurring monthly, may trigger a formal capability or disciplinary procedure at any point. And unlike the standard approach, which reviewed a single year and looked forward a single year, online

performance data “follows the individual in their career [within the organisation]” (Consultant 4). One consequence of this is that, for longer-serving employees, the availability of data means that any gradual decline can be plotted over time.

Part of the critique of the standard model is that it is inflexible and based on a narrow definition of performance that often has little to do either with the changing priorities of the organisation or how employees’ work is regarded. Technology makes “an era of ‘hyper-personalized’ talent discussions” possible (Accenture, 2016). The new platforms, although they differ in the way they collate, present and analyse information, all broaden the net to include evidence from multiple sources. These may include feedback from managers, colleagues and customers, as well as corroborating information from psychometric and behavioural indicators.

The information required - a mixture of quantitative data on task completion and more qualitative comment - is similar to conventional performance appraisal; the difference is the amount and range of data and the ease with which it can now be manipulated, compared and used. Each system presents data on a ‘dashboard’, which may be customised according to position in the management hierarchy. So, for example, immediate line managers might see the objectives and feedback for their team members, along with details of ‘check-ins’. More senior managers see the equivalent data for the various tiers of employees below them and the summary data for objectives set and feedback given. This makes it possible to performance-manage the performance manager and also to ‘cascade’ strategically important objectives through the hierarchy.

All systems studied include some form of peer review, bringing with it a range of possible issues with regards to competition, stereotyping and prejudice between co-workers. Systems are in some ways equivalent to those used in the ‘platform economy’ and carry the same potential for bias (Rosenblat *et al.*, 2017). Unlike ‘customer-sourced’ ratings, though, there might normally be a tendency toward ‘grade inflation’, since those giving the ratings may also often require reciprocal treatment. PM systems claim to overcome this problem by, first, making information transparent to the subject of feedback and to more senior colleagues, and second, by prompting more specific praise or criticism. For example, one system prompts employees to name “three areas in which [your colleague] could improve”. Line managers also

have a tendency to claim, “Oh yes, everyone in my team is outstanding”. So they may be prompted instead to be more specific: “‘Is this the best person you have ever worked with in this role’. They can’t answer yes to that question for everyone, so it forces them to give more objective answers” (Consultant 2). In other words, by restricting the ability to give positive reviews, this mechanism forces an explicit comparison, or ranking.

In some cases it is the individual who is asked to solicit feedback from colleagues in order to support discussion in appraisal one-to-ones. This may be from the individual’s own team colleagues, or from employees in other parts of the organisation who have collaborated on a piece of work. There may be a natural reluctance to provide feedback, particularly if it needs to be critical, but since all contributions (and failures to contribute) are visible to management, it is not easy to avoid. The mechanism is therefore not reliant on the cohesive, unitary ideal suggested by consultants:

It’s all about sharing. So we are trying to make it collaborative, because it’s all about your strengths that make you better at your job. So there’s no point in being embarrassed. If there are areas where people have said, “You need to work on this”, if it’s going to help you achieve what you want, then that’s good feedback to have. (Consultant 1)

Equally, systems allow for input from all lateral working relationships (although this remains a top-down process, rather than a ‘360°’ review). Employees other than the individual’s immediate work team may volunteer feedback, for example those who may have contributed to the same project. In one case, individuals are technically able to close their ‘profile’ to unsolicited input, but this “would look odd”:

There’s a sort of expectation that people will be more open. Because everybody is in the same situation, it’s respected. I will give feedback to someone else because that’s what you do if you see good performance. Equally, if it’s an area they need to work on, you would also give feedback ... so that they can get help. (Consultant 1)

The benefits of such eclectic data gathering can be expressed in two ways. On the one hand it enables the manager to build a full picture of what employees have done, what

they are capable of and how their work is regarded. On the other hand, it enables the manager, who is the only one to see the whole data, to be selective in how this evidence, including peer review, is used, weighted and acted upon. It also makes it possible to evaluate both reviews and reviewers. As we will suggest below, these systems represent a move away from standardised methods for quantifying, ranking and comparing employees. This creates considerable room for management discretion, but arguably restricts the possibilities for challenge. One example from a trade union interviewee illustrates the problem.

You could be an outstanding worker, but your ‘behaviours’ are bad. It’s intangible. I’ve represented someone who was given a ‘must improve’ marking for having yawned in a meeting. (Interviewee 5)

Systems are sold partly on their ability to manipulate multiple sources of evidence in a way that would be extremely onerous as a manual process. Yet the process is one that relies on more, not less, management discretion. As we will suggest below, the possibility for challenge is limited, or at least complicated, by the fact that the mechanism by which such decisions are arrived at are more opaque than a simple comparative rating.

Dismissal: “a different sort of conversation”

Consultants stress the positive impact of objective setting and feedback on individual performance. Interviewees portray the harder, disciplinary implications of PM as a matter of employer policy, rather than as features designed into the system itself. Emphasis is placed on the system’s ability to deliver benefits - to facilitate oversight and control, and to engender ‘engagement’ - in an efficient and consistent manner. In most cases the aim is not to arrive at a scientifically derived composite rating. The task of collating various types of evidence from different sources is therefore not as difficult as it might appear. Data may include the employee’s track record of meeting targets, feedback from managers, colleagues and customers, reflexive self-assessment and the evaluation of ‘behaviours’ against those laid down in corporate-level ‘strategic’ statements. But these do not need to be weighted or compared in any sophisticated way. It is enough to demonstrate the fact that the employee has failed to

meet the standards expected, and the use of multiple sources of data gives the manager considerable flexibility in how this case is constructed.

On the other hand, the move away from formal ranking does not mean that the logic of ranking has disappeared; the very fact that PM data is used for reward or sanction implies direct comparability.

Peer pressure can be useful. If you think there are team members who are not pulling their weight, they can sometimes be encouraged to push themselves when they see the spread of workload and responsibilities and enthusiasm of others. (Consultant 5, website)

The comparison can remain unstated for the majority of the workforce, with the coercive features appearing only when triggered by the system.

We don't need to know everybody's performance level across the organisation. From a central point of view, all we are really interested in are the exceptional performers who we need to do something about so that we don't lose them and we keep them engaged, and people whose performance is poor. We need to do something about that too. (Consultant 2)

Continuous review means that this process may be triggered at any point. In other words, employees are only as good as their last review, and their last review will have been very recently. This is presented as a more logical and dignified approach than waiting for an annual meeting, by which time relevant history may have been forgotten. "If it is a shock, then something has clearly gone wrong." Once begun, the system predisposes managers to apply performance criteria consistently, such that hard decisions are seen to result from the logic of the process: "If performance doesn't improve, from then on it's the process of managing ... The only option then is that you are out of the business" (Consultant 3).

Another benefit of automating management processes is that analysis produced by a software package are seemingly more rational, morally neutral and less amenable to challenge than decisions made by the fallible manager who provided the evidence. The facts speak for themselves when an employee has failed to meet successive targets, so when unsatisfactory results are discussed,

Individuals will note a change in the conversation and they will always... If you are person who wants to do well at work, you are prepared to change.
(Consultant 1)

But:

If you do need to take hard decisions, then that can be started at any point. ... The individual will probably drive the correct outcome. ... They will say, “You know what, this isn’t right for me. I’m not going to manage it”, or “I’m not going to close the gap”. Ultimately, if you don’t have the desire to continue to develop... (Consultant 1)

The attraction of this approach is that the distinction between what might be regarded as a ‘protected conversation’ and the on-the-record exchange about targets and outcomes is blurred, so

You will then begin to understand: if I’m not achieving, is it because I don’t want to do it anymore, because I don’t want to learn anymore? Is it because I don’t have the skills? Is it because I’m forgetting stuff? There’s a sense of *knowing*. (Consultant 1)

It prompts them. And so that’s a different kind of discussion. (Consultant 3)

In this way, the blurred line between formal and informal conversations serves to prompt employees to make decisions outside the appraisal process, possibly making formal management decisions unnecessary. Ultimately, though, not every employee is encouraged to make this decision for themselves. In such cases the system prompts managers to take decisions they might otherwise be tempted to postpone. Although consultants tend not to focus on the ‘harder’ side of PM, there are exceptions, with some making more of their systems’ ability to manage employee ‘exits’.

... At this point make the difficult but right decision:

- Follow your organization’s exit plan process (bonus: your documentation for this problem performer is already in place)

- Rest easy knowing you've tried to help the employee out and now the obvious option is to help the employee *out*.” (Consultant 5, website [emphasis in original])

In general, though, there is a reluctance to dwell on the treatment of underperformers. This reflects not only the conventions of salesmanship but also a new-found confidence concerning dismissal. While systems of ranking and comparison of individual scores continue to be developed, particularly in the public sector, consultants in this study suggest that this particular performance is no longer necessary. The only requirement expected of a 'reasonable' employer is that they base decisions on reliable and non-discriminatory performance data and apply their own rules consistently. On this analysis, the failure to meet reasonable targets provides sufficient data for management action.

We've been trying to be 'objective' for twenty years. People think that having some kind of rating makes it objective. That's a façade, because it's completely subjective. Anything the manager says is subjective. [So it's] not really a defence. Actually it does more harm than good. Whereas, if we ask more targeted questions, then,... we can look back at everybody's history and see whether objectives were achieved or not. (Consultant 2)

Some enthusiasts have seen this trend as the total abandonment of ranking as a methodology. Cappelli and Tavis (2016), for example, write of companies going “completely numberless”. “Formal ratings”, they argue, “may do more to *reveal* bias than to curb it” (2016: 66). Similarly, one consultant points out that,

More often than not, when someone goes to disciplinary or tribunal, and you look at the appraiser rating, it comes out as 'satisfactory', funnily enough. It's not that they are 'poor'. So actually it does more harm than good. (Consultant 2)

In other words, ranking involves a spurious attempt at objectivity that is open to challenge. This is unnecessary, since it is enough to apply a process consistently and transparently. Nevertheless, this does not mean the end of ranking. All schemes that rate individual employees are comparative, since performance measures are implicitly norm-referenced rather than based on fixed output criteria (Beck and Williams, 2015).

The difference in this case is that the comparison remains implicit. In other words, the decision to brand an employee as ‘under-performer’ is still made with respect to the performance of colleagues, but it is defended on the evidence of individual achievement against objectives. Comparability is easier in the case of more standardised work, but the tendency, at least in the organisations studied here, is to define this comparison out of the calculation and to base the discussion on evidence that cannot easily be challenged. In the case of older workers, the avoidance of explicit comparison would appear to make age discrimination more difficult to substantiate. In the absence of precedent, it is this logic that has given employers the confidence to move away from a reliance on pseudo-objective ranking systems.

Individualised performance ratings, coupled with the merging of formal and informal processes, means that employers have a good deal of discretion in how they treat underperformance.

If it’s being talked about out there, but they realise they can’t do it anymore, then the organisation can seek alternatives if they want to hold on to them. Or unfortunately the alternative is: “This is the role. Unfortunately you can’t do it.” (Consultant 2)

There remains scope for challenging individual decisions, but in non-union environments this is extremely difficult. First, objectives have, notionally, been agreed, or even suggested by the employee themselves (provided that these objectives ‘align’ with organisational ones). Second, the entire process is visible, if not necessarily transparent, so that not only are performance issues “talked about out there”, but also the merit of any appeal is open to scrutiny by a number of people. The process of exposing oneself to judgement from the entire organisation in this way means that the review process takes on the character of ‘self-criticism’. The intention, at least, is that even if employees regret the outcome, they accept its inevitability. “At the end of the day, it’s a mutual thing” (Consultant 3).

Conclusions

This article began by suggesting that the primary purpose of performance management has changed, but we also noted that PM has more than one purpose. Where jobs are insecure by design, for example in the so-called ‘gig economy’, PM focuses on compliance and work intensification. In the case of notionally permanent contracts, on the other hand, the sharp increase in the use of, and expenditure upon PM has been driven by the need to manage ‘exit’. We noted above that, in the case of the UK, a renewed interest in PM from 2011 was a response to the ending of the fixed ‘retirement age’ and the need to retain control of older workers who are no longer required to leave. In this case it functions to control the duration of employment and, as we have argued, this is not only an important ability in its own right, but is also the foundation of management authority at work.

By automating part of the work of the manager and by integrating processes that might otherwise be semi-detached, PM packages suggest that efficiency in the workplace is a result of the efficiency of the system itself. In a sense, the technological concept is a synecdoche for the organisation: taken to embody an integrated understanding of the organisation that frequently eludes managers. The reality is far more pedestrian. The data used is not markedly different or more accurate than that used in manual systems - the content of PM is old wine in new bottles. On the other hand the content is less important than the process itself.

We have argued that the impetus behind the latest wave of PM in the UK was the dilemma created for management by the ending of the default retirement age. Faced with a partial loss of control and amid fears of incapable workers ‘refusing to retire’, employers have been encouraged to develop procedures that are age-neutral and consistently applied. To this extent, the PM systems described above may provide a degree of formal equality, in the sense that the same rules are applied to workers of all ages. However, this does not mean that PM guarantees age-neutral outcomes; on the contrary, the recent growth and systematisation of PM presupposes that performance *is* age-related. The standing of PM as a discrimination-proof approach is also limited, since the evidence suggests that the scope for management discretion is increased, both in the application of procedure and in the use of performance data. Technology imposes a superficial consistency, but the decision as to whether to apply or waive sanctions remains the job of human managers. The scope for discriminatory, as well as unfair treatment is therefore obvious.

Our analysis strongly suggests that greater attention needs to be paid to the actual aims and effects of performance management, rather than the ones that employers and pundits wish to emphasise. Even the critical literature has tended to judge PM on its own terms, seeing work intensification and degradation as consequences of a drive for increased performance. We have argued that this may be naïve and that we should perhaps regard the managing of employee ‘exit’ as a goal in itself.

The new performance management needs to be understood in context, but its widespread adoption indicates a broader trend. So, although older workers may have been the initial focus of attention in the UK, the implications of PM extend across the workforce and, particularly given the influence of the larger consultants, are likely to be replicated internationally. First, the ability of PM to mask decisions that might otherwise be judged discriminatory applies also to other protected characteristics. The fact that an older (and/or disabled) person, for example, may perform less well against certain criteria than their colleagues, may be seen as a hard fact. The reliance on technology-driven process may predispose managers to regard performance criteria and their application as given, rather than as embodying value-laden decisions. But, second, and more fundamentally, we need to consider what a truly discrimination-free performance regime would look like. The systems discussed here have been heralded as the end of performance ranking, the very opposite of ‘rank-and-yank’. In fact, they aim to claw back management control of dismissal and may make it possible to ‘yank’ without the need for formal ranking. The possibility of a ruthless, individualised meritocracy at work underlines our central point: performance management is about more than performance.

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